

**GOVERNMENT OF THE VIRGIN ISLANDS  
OF THE  
UNITED STATES**

**PUBLIC SERVICES COMMISSION**

<b>IN RE</b>	)	<b>Docket No. 289</b>
	)	<b>Order No. 04/2012</b>
<b>LEVELIZED ENERGY ADJUSTMENT CLAUSE</b>	)	
<b>OF THE VIRGIN ISLANDS WATER AND POWER</b>	)	
<b>AUTHORITY</b>	)	
_____	)	

**ORDER**

**WHEREAS**, on September 1, 2011, the Virgin Islands Water and Power Authority (hereinafter, "WAPA" or the "Authority") filed a petition with the Virgin Islands Public Services Commission (hereinafter, "PSC" of the "Commission") seeking to decrease the Levelized Energy Adjustment clause ("LEAC") water factor from \$14.33 to \$14.07 per kGal for the period of October 1, 2011 to December 31, 2011; and

**WHEREAS**, on September 21, 2011, the Authority submitted an amended petition to the Commission seeking an increase in the water factor from \$14.33 to \$21.10; and

**WHEREAS**, the Commission, through its staff and consultants, conducted a thorough review, conducted discovery, held meetings with the executive management of the Authority concerning the proposed water LEAC rate and submitted a report to the Commission on September 27, 2011; and

**WHEREAS**, on September 27, 2011, the Commission met in special session at the Board of Education Conference Room located at No. 8 Estate Ross, Barbel Plaza South, St. Thomas, U.S. Virgin Islands; and

**WHEREAS**, the Commission voted to postpone its decision on the water LEAC, in order to give the staff and the Authority additional time to review the recommendations for the Water LEAC; and

**WHEREAS**, the Commission, through its staff and consultants, conducted a thorough review, discovery, held meetings with the executive management of the Authority concerning the

proposed water LEAC rate and submitted a Supplemental Report to the Commission on October 8, 2011; and

### **FINDINGS AND CONCLUSIONS**

WHEREAS, on October 11, 2011, the Commission met in a duly-noticed special session at the V.I. Port Authority Conference Room located at Henry Rohlsen Airport in St. Croix, U.S. Virgin Islands, and having considered the petitions of the Authority, reports submitted by its staff and consultants, and testimony of all the parties, upon review and deliberation, the Commission voted to increase the water system LEAC factor to \$19.07 per kGal effective on all bills rendered on or after October 1, 2011 to December 31, 2011;

**NOW THEREFORE**, it is hereby:

**ORDERED** that the Commission accepts and adopts the findings and recommendations of the Report on October 2011 LEAC, dated September 27, 2011 and those of the Supplemental Report, dated as of October 8, 2011; and it is further

**ORDERED** that the WLEAC be set for the period October 1, 2011 to December 31, 2011 at \$19.07 per kGal. It is further

**ORDERED** that the Authority shall file with the Commission the final contract for the St. Thomas Reverse Osmosis water purchase and a timetable for the installation of those new facilities within sixty (60) days from the date of the October 11, 2011 PSC Special Meeting. It is further

**ORDERED** that the Authority file with the Commission a complete current maintenance plan for all generating units within thirty (30) days from the date of the October 11, 2011 PSC Special Meeting. The maintenance management plan must contain sufficient narrative detail to explain how the plan was arrived. All inquiries into the plan by the Commission and its staff will be promptly and fully addressed. It is further

**ORDERED** that the Authority shall file with the VIPSC all of the requirements of Section 5 – C of the Settlement Agreement in Docket 576 within sixty (60) days from the date of the October 11, 2011 PSC Special Meeting. Failure to make the required filings shall result in appropriate action by the Commission including the possibility of suspension of the Water LEAC. It is finally

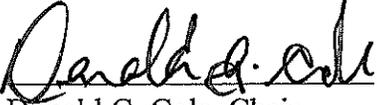
**ORDERED** that the Authority shall provide no later than sixty (60) days from the date of the October 11, 2011 PSC Special Meeting a status report on the installation of Reverse Osmosis on St. Croix. The report shall be detailed and provide an estimate of the in-service date for operation. It is further

**ORDERED** that the Authority shall provide in writing within sixty (60) days its estimate of the anticipated production cost savings on each island with the implementation of Reverse Osmosis Water production.

*So Ordered.*

For Commission

Dated: October 10/25 2011

  
Donald G. Cole, Chair